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Rcd 15 May 78

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TO:		ACTION	INFO	DATE	INITIAL
1	DD/NFA (Attn: [redacted]		X		
2	DDA		X		
3	DDS&T		X		
4	DDO		X		
5	GC		X		
6	LC		X		
7	IG		X		
8	Comptroller		X		
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SUSPENSE ______ Date

Remarks:

Attached is the DCI Management Advisory Group Annual Report for distribution in your Directorate/Office.

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[redacted]

Executive Secretary

10 May 1978

Date

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DCI MANAGEMENT ADVISORY GROUP
ANNUAL REPORT
(1 JULY 1976 - 30 SEPTEMBER 1977)

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14 October 1977

MEMORANDUM FOR: Director of Central Intelligence

VIA : Acting Deputy Director of Central Intelligence

FROM : Management Advisory Group

SUBJECT : Report of the Management Advisory Group for the Period 1 July 1976 - 30 September 1977

1. (U) The activities of the Management Advisory Group (MAG) during the reporting period are summarized in this report.

2. (U) Each issue on which MAG took some formal action during the fifteen month period is listed -- in a chronological rather than a topical ordering. Appropriate documents have been assembled in the annexes to the report.

3. (C) In addition to monthly business meetings of the MAG membership and 'as-needed' MAG project-team meetings, MAG also arranged and held meetings with representatives of Agency management including Mr. George Bush, Admiral Stansfield Turner, Mr. E. H. Knoche, Mr. John Blake (in his role as DDA), Dr. Sayre Stevens, Mr. William Wells, Mr. Anthony Lapham, Mr. Fred Janney, and Mr. Robert Gambino. A special meeting was also held with Mr. Herbert Hetu, Public Affairs Officer.

4. (U) In addition to initiating recommendations to Agency management, members of MAG recognize their role as responsive to the direction and requirements of the DCI. The relatively few initiatives and studies undertaken by MAG during this reporting period could be a reflection of the transitional state of the Agency in this period of uncertainty. It is anticipated that the forthcoming year will reflect the continued use of the MAG as a consultative body responsive to the Director.

5. (C) Comments, questions or recommendations regarding this report should be addressed to MAG in care of the DCI's Executive Secretary, Room 7E13, Headquarters Building.

The Management Advisory Group

Attachments:
Summary of MAG Activities
Supporting Documents (Annexes A - H)

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SUMMARY OF MAG ACTIVITIES

1 July 1976 - 30 September 1977

A. REORGANIZATION OF RESEARCH, DEVELOPMENT AND ENGINEERING ACTIVITIES (RD&E).

During April 1976 the Director met with MAG and expressed a desire for comments from MAG regarding the respective benefits of centralized versus decentralized RD&E activities in the Agency. MAG undertook a review of the situation, concluding that positive benefits would accrue through centralizing exploratory research and decentralizing close-on development and engineering support activities. (See Annex A.)

B. TRANSFER OF ANALYSIS OFFICES TO THE INTELLIGENCE DIRECTORATE.

During April 1976 the Director solicited the opinion of MAG as to whether or not all intelligence analysis offices should reside within the same Directorate. MAG undertook a study, meeting with the Director, Office of Scientific Intelligence (OSI) and the Director, Office of Weapons Intelligence (OWI), as well as with the outgoing Deputy Director for Intelligence (DDI). On the basis of these meetings, MAG forwarded a recommendation to the DDCI that OSI and OWI be transferred to the Intelligence Directorate. (See Annex B.)

C. STATEMENT OF AGENCY GOALS.

During September 1976 the DDCI forwarded to MAG a draft statement of Agency goals with a request for comments from MAG on the eight (8) goals presented. The MAG response reflected essential endorsement of the goals and included identification of areas of concern which MAG felt were subsumed under the various goals defined. (See Annex C.)

D. OPERATIONS DIRECTORATE ANNUAL REVIEW OF EMPLOYEE PERSPECTIVES.

During November 1976 MAG was asked by the Agency Suggestion and Achievement Awards Committee to comment on a specific Employee Suggestion viz., a suggestion recommending that an annual survey of employee perspectives on their work environment be instituted within the Operations Directorate. In-house expertise on survey technology was consulted by MAG. It was felt that while employee surveys can be of value, to require employees to respond to surveys on a routine basis eventuates in degradation of the survey product. (See Annex D.)

E. LIFE INSURANCE PROGRAMS AVAILABLE TO AGENCY EMPLOYEES.

On its own initiative, MAG explored life insurance programs available to Agency employees, calling attention to the higher cost of the Federal Employees Group Life Insurance program (FEGLI) in comparison with other available group life insurance programs (WAEPA and UBLIC). A survey of new EOD's was carried out to evaluate the comprehensiveness of their briefings on group life insurance programs available. Based on findings of the

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survey, MAG recommended that more attention be given to presentation of full cost and benefit comparisons across insurance programs in EOD briefings. MAG further recommended that effort be made to provide all on-board employees with full information regarding all three life insurance programs. (See Annex E.)

F. AGENCY PERSONNEL MANAGEMENT.

At the request of the DDCI, MAG undertook a review of and commentary upon a paper presented to the Executive Advisory Group by the Deputy Director for Administration entitled: "Management and Employee Concerns Relating to Personnel Policies and Procedures." MAG's response, forwarded to the DDCI during December 1976, included not only an expansion upon the themes of management and employee concerns but also presented a number of specific suggestions intended as effective responses to the concerns. (See Annex F.) Continuing interest in this MAG effort was associated with an invited presentation during March 1977 by the Director, Office of Personnel, to MAG on the topic of Agency Personnel Management. MAG may elect to follow this topic in the months ahead.

F1. CREATIVITY AND ETHICS.

The DDCI, during the fall 1976 requested comment from MAG regarding its views on the likely impact of potentially increasing constraints imposed on Agency activities in terms of individual and group creativity and initiative. Under the auspices of the Center for the Study of Intelligence (Office of Training), two independent employee groups gathered during November 1976 and January 1977 to treat this topic in seminar fashion under the generic title of "Creativity and Ethics." Papers developed by these two groups were reviewed by MAG. MAG consensus was that it could not add to the definitions of the basic issues presented in the papers nor, given these issues, could MAG propose more effective courses of action than those generated in the two Seminars. While MAG issued no document regarding the Seminars, there was consensus that the Seminar productions underlined the fact that the critical barriers to creativity and exercise of initiative in any organization are generated from within... not imposed from outside.

F2. CONSOLIDATION OF AGENCY AUTOMATED DATA PROCESSING (ADP) ACTIVITIES.

The views of MAG on the merits of consolidating Agency ADP activities were solicited by the DDCI. MAG accepted this request, assigning several members to a task force for study of the action. During February 1977 task force members reported to the MAG membership that an accurate as well as adequate response to this request lay outside the boundaries of the substantive expertise and manpower resources of MAG. This conclusion of the task force was endorsed by the membership and so reported to the DDCI.

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G. AGENCY SELECTION AND RETENTION POLICIES.

Concerns over court decisions regarding individual rights stimulated MAG to institute a review/study of Agency selection and retention policies especially in regard to homosexuality and cohabitation. A task force was selected to pursue this topic. The major input to MAG was provided via an invited presentation on these topics by the Director, Office of Security, during April 1977. MAG's recommendations for review of Agency policies in these areas were forwarded to the DDCI during April 1977. (See Annex G.)

G1. AGENCY HEADQUARTERS TOURS.

Stimulated by mass media reporting on contemplated tours of the Headquarters area, MAG extended an invitation to the Agency Public Affairs Officer (project officer for the tours) for a presentation to MAG regarding details of the tour as well as the more expansive Project Outreach (of which the tour is but a part). In the free exchange between the speaker and MAG, MAG reflected its concern over the lack of provision for a systematic evaluation mechanism viz., a technique for evaluating benefits of the tour projected against costs for operating same. Following this June 1977 presentation, MAG has learned that steps have been taken to systematically collect reactions to the tour at least during tour presentations for Agency employees and their dependents.

H. FEASIBILITY OF A TWO-GRADE PROMOTION POLICY.

During September 1977 the ADDCI requested comment from MAG regarding its views on the feasibility of a two-grade promotion policy (affecting grades GS-7 through GS-11). A task force was appointed to explore the topic. The task force report endorsed the concept of two-grade promotion with several provisos directed at offsetting possible negative impacts upon employee earning power and present time-in-grade statistics. (See Annex H.)

MAG ANNUAL REPORT

1 July 1976 - 30 September 1977

ANNEX CONTENTS:

A. Memorandum for DDCI entitled "Centralized Research, Development and Engineering in the CIA" from MAG dated 9 July 1976.

Memorandum for MAG Members -- a working document entitled "Should Research and Engineering Activities be Centralized or Decentralized" dated 8 June 1976.

B. Memorandum for DDCI entitled "Movement of OWI and OSI into DDI" from [redacted] (Chairman/MAG) dated 12 August 1976. 25X1

C. Memorandum for DDCI entitled "Agency Goals" from MAG dated 17 September 1976.

Memorandum from DDCI reference MAG "Agency Goals" Memo dated 4 October 1976.

D. Memorandum for Executive Secretary, Suggestion and Achievement Awards Committee reference Employee Suggestion 76-295 dated 16 November 1976.

E. Memorandum for DDCI entitled "Life Insurance" from [redacted] (Chairman/MAG) dated 7 December 1976. STA

Memorandum for DDCI reference MAG "Life Insurance" Memo from F. W. M. Janney, Director of Personnel, dated 7 January 1977.

F. Memorandum for DDCI entitled "Personnel Management" from MAG dated 7 December 1976.

Memorandum for EAG reference MAG "Personnel Management" Memo from Mr. John F. Blake (Deputy Director for Administration) dated 4 January 1977 (with working document attached).

G. Memorandum for DDCI entitled "MAG Review of Agency Policy and Practices Concerning Hiring or Retention of Persons Involved with Homosexuality or Cohabitation" from MAG dated 26 April 1977.

H. Memorandum for MAG entitled "Feasibility of Two-Grade Promotion Policy" from ADDCI dated 29 August 1977 reference Memorandum from Director of Personnel (same subject) dated 24 August 1977 (copy attached).

Memorandum for ADDCI entitled "Comment on Study of Feasibility of Two-Grade Promotion Policy" from [redacted] (Chairman/MAG) dated 9 September 1977. 25X1

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

ER-2547-76

9 JUL 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Centralized Research, Development and Engineering in the CIA

1. In April 1976 you asked the Management Advisory Group to consider the benefits and costs related to centralized research and development in the Agency. In order to address that question MAG feels that we must divide the problem and discuss the centralization of each type of activity separately.

2. MAG recommends that exploratory research in the Central Intelligence Agency be a centralized activity in one office serving the entire Agency. We make this recommendation because we share a number of judgments:

- that engineering offices would tend to reallocate resources from exploratory research to solution of current pressing problems;

- that research activities of potential long-range payoff would be hard pressed to compete for priority attention from management in engineering or production offices where meeting of deadlines is critical;

- that decentralizing research would, therefore, sacrifice future technical achievements to current achievements;

- that decentralizing exploratory research would be wasteful, since some subjects, e.g., high density memories, are of universal interest;

- that disbursement of research personnel and activities would lead to neglect of some subjects that are high priority to the Agency but not to any one engineering office, e.g., major interdisciplinary breakthroughs such as Project [redacted] probably would be precluded. STAT

SUBJECT: Centralized Research, Development and Engineering in the CIA

3. MAG recommends that engineering efforts in the CIA remain concentrated in DDS&T but that they be organized according to mission. Whereas technology research can easily cross organizational boundaries it is much less likely that engineering constraints applicable to one type of system can be imposed on all types of systems under development. We conclude that the development and engineering of devices for data collection or processing are best handled by an organizational structure which is mission oriented.

4. The attached paper, a working document prepared by a MAG member, served as the basis for our discussions leading to the recommendations above. The paper is appended for your information and does not represent an agreed MAG position.

THE MANAGEMENT ADVISORY GROUP

Attachment
as stated

8 June 1976

MEMORANDUM FOR: MAG Members

SUBJECT : Should Research and Engineering Activities be Centralized or Decentralized?

1. This paper has been prepared at the suggestion of Mr. Knoche in April 1976. In the preparation of this paper interviews were held with eleven managers in the Agency representing Directorate, Office, and Division level management. Several of the managers interviewed represented custormers or users of the products which come out of technological programs.

2. The distinctions among research, development and engineering are man-made and subjective. No definite lines can be drawn to separate unequivocally research activities from development activities and development activities from engineering activities. As testimony to the overlapping nature of these terms and disciplines, one need only consider that the Agency has an Office of Research and Development and an Office of Development and Engineering. Clearly, these grey areas could be the subject of major debate. However, the purpose of this paper will be to focus on the

desirability of centralized technological activities and, therefore, to assure the proper contrast research will be considered vis a vis engineering.

3. Within the broad definition of the term, research, people usually consider three types of research. The first is called basic research and tends to deal with the fundamental principles of nature. The goal of basic research is to understand the forces and interactions of matter, energy, and the universe. Little, if any, basic research supported by CIA and, indeed, it is not clear that the Agency should be involved in any. A second class of research activities is applied research, which is strongly mission-oriented and usually undertaken in support of a large system development program. There is much applied research done within the Central Intelligence Agency and, indeed, this applied research is fundamental to the success of the large technical intelligence collection system projects and the efforts which aim toward developing and applying more efficient data handling and data processing techniques to the intelligence function. Because applied research is intimately tied to specific program goals and objectives, it does not appear reasonable to consider centralization of such efforts. Therefore, applied research in the Agency will not be considered further in this paper. The third class of research is exploratory research, which deals with a known goal but an unknown

approach to the attainment of that goal. There is some exploratory research carried out within the Agency and one specific objective of this paper will be to explore the advantages and disadvantages of a centralized exploratory research effort.

4. The first obvious question which must be addressed concerns the need of the Agency for any exploratory research. Since the major function of exploratory research is to investigate new areas, undertake high risk efforts, and to try to study future needs or alternate solutions to present and future problems, it seems clear that this type of effort is fundamental to an objective of continued technical excellence. The removal, reduction, or lowering of the priority for exploratory research may indeed result in future technical stagnation. This situation would be tantamount to a potential mortagaging of future excellence to achieve short-term problem solutions or budget savings.

5. Most of the research and engineering efforts in the Agency are contained within the DD/S&T. This represents a high degree of centralization of these functions at the Directorate level. Additionally, most of the exploratory research efforts are contained in the Office of Research and Development in the DD/S&T. This represents a centralization of exploratory research at the office level. The majority of the engineering efforts in the Agency are handled by the

Office of Development and Engineering, the Office of Elint, and the Office of Technical Service all of which are in the DD/S&T. This organization represents a decentralized effort within the DD/S&T based on the mission or end use of the items being produced. This study will also address the advantages or disadvantages of a centralized engineering or production function for the Agency in paragraph ten.

6. To look outside the Agency for a model which might serve to give guidance as to an optimum organizational structure for exploratory research is dangerous. Industrial concerns in the United States have objectives which usually are not in consonance with Agency objectives. Industrial concerns are mainly oriented toward the production and distribution of large numbers of produced units. Agency technical development efforts normally deal with the production of a small number of highly customized items. Within the Government, programs in the Department of Defense probably most closely parallel the technical development objectives of the Agency. The DoD has the Defense Advanced Research Projects Agency (DARPA), an agency created in the late 1950's to be responsible for the expenditure of exploratory research funds in support of advanced military hardware and systems. Although the fiscal resources of DARPA are much larger than those of the entire DD/S&T, it is an organization analogous

to the Office of Research and Development. Additionally, in the DoD, each of the Services retains a small centralized exploratory research function. For example, the Air Force possesses an Office of Scientific Research, which has the responsibility for conducting exploratory research to meet generic technical needs of the Air Force and to propose alternative approaches to current and anticipated Air Force needs. Within the Air Force structure, AF/OSR is analogous to the Agency's Office of Research and Development.

7. The following list comprises some of the advantages of a centralized exploratory research program:

a. A centralized exploratory research program would provide a unique point of accountability and responsibility for exploratory research within the Agency. Such a point of accountability and responsibility would permit relatively easy prioritization of exploratory research efforts. This focal point would also provide a single place for customer or user offices to contact when they seek research resources to address needs. Such a single point of accountability would permit a more effective presentation of an exploratory research program to the budget review authorities of the government, such as the Office of Management and Budget. Finally, a single point of responsibility should avoid duplication of efforts which almost certainly would have to arise if many offices were involved in exploratory research programs.

b. A centralized exploratory research program allows technology to be investigated as technology. Specifically this may be extremely advantageous when one technology may serve many customers. Two current examples of exploratory research underway in the Agency which have potential impact on myriad customers are the mass memory program and the micro-electronics/micropower programs within the Office of Research and Development. Clearly all of the engineering offices in the DD/S&T will benefit from advances in these two programs. If each engineering office were to initiate small research groups within their structure it is conceivable that all of these small groups would embark on programs in these two areas. The benefit of fragmenting these technology efforts is certainly not obvious. In contrast, the undertaking of exploratory research in technology areas within engineering offices may reduce the broad view of the technology itself and may result in programs which truncate the investigations to meet very specialized needs of the office. The long term result of fragmented technology research may be the failure to take advantage of all the potential embodied in a new technology.

c. A centralized exploratory research program provides a measure of protection for exploratory research activities. This protection is always important within an organization during times of budget stress.

If contained in the engineering offices, the long-range exploratory research programs might be subsumed in the day-to-day activities and the pressures for immediate performance on shorter term programs. It appears to be beneficial to have a mechanism to protect the Agency exploratory research program form the pressures of more immediate engineering demands. It seems clear that exploratory research activities in a centralized program would have a higher priority than smaller efforts carried out as a part of a larger office which had many other important and time sensitive goals.

d. A centralized exploratory research program would establish an environment fostering multidisciplinary approaches and innovation relating to intelligence programs. The establishment of this environment is essential to the future technical excellence of the Agency. The existence of such a centralized program with the proper mandate from management for long term exploratory research will also more readily attract and retain the type of people trained and psychologically suited for long term exploratory research. It is less likely that these people would be attracted to small groups hidden in the bowels of large engineering offices.

Part of the environmental problem is the fact that the speed of accomplishment of research objectives is inherently slower than the spe ed of accomplishment of engineering objectives. When researchers and engineers are mixed together, researchers tend to look like underachievers in their own eyes as well as the eyes of others. It should be obvious that the Agency should not accept a risk which may preclude the inability of the Agency to attract or retain top exploratory research investigators. Such a position could jeopordize our ability to meet the future needs of the Intelligence Community.

e. A centralized exploratory research program provides a resource pool for the Agency. It would provide personnel with technical expertise and with experience in working on broad problems. This resource pool could be used as a prime source for rotational assignments to spread experience throughout the Agency. The converse of this argument is that a centralized exploratory research program provides a single place where people in engineering offices can be sent to reinforce their skills and to broaden their perspectives. Thus, from a personnel development aspect a centralized exploratory research program is beneficial.

f. A centralized exploratory research program also provides a place for the soft science research programs in the Agency. The current activities in the Agency aimed at the development of analytical methodologies and at understandings of cultural factors certainly could not be undertaken in an engineering office. The dispersal of these activities to other directorates (particularly the DDI) is certainly a possibility; however, the fiscal and manpower resources devoted to these efforts is not sufficiently large to warrant the creation of an entirely new office in any directorate. Therefore, the inability of these programs to achieve the critical mass necessary to support an office structure would seem to argue that these are best contained in a centralized exploratory research function.

8. The following is a list of some of the disadvantages to a centralized exploratory research function in the Agency.

a. The dispersal of exploratory research responsibilities will result in the reduction of the span of management control for the Deputy Director of Science and Technology. It will immediately remove one Office Director from his control and thereby reduce the number of people with whom he must interact on a management basis. The importance of this argument is clearly dependent on the style and inclinations of the incumbent Deputy Director for Science and Technology.

b. A decentralized exploratory research program could result in a more efficient use of resources since overhead might be lower.

c. A centralized exploratory research organization tends to reduce the proximity of exploratory research personnel to the ultimate users of the products of their investigations. This lack of proximity may result in less focused and less cogent requirements being levied on the exploratory research personnel. In addition, there is always the risk that researchers too far removed from the practical scene will focus on activity that has no real promise of achieving lasting or meaningful benefits. This argument, however, is a two-edged sword; the proximity of user and researcher can result in a "too cozy" relationship that might tend to make the incremental advances from the research very small. On balance, however, it would seem that the proximity of users to researchers should be beneficial.

d. A centralized exploratory research program immediately engenders problems in the transfer of technology from the research site to the applications or user site. This technology transfer problem exists in the Agency, in other parts of the government, and in industry. The track record of the Agency in accomplishing technology transfer in the past has not been enviable. Perhaps, the abolishment of the centralized exploratory research program would enhance our ability to transfer technology from the laboratory to hardware.

9. The author concludes that a centralized exploratory research program is a more advantageous organizational

structure for the Agency. One of the most compelling arguments presented by several of the people interviewed was that the Agency must be able to adopt a posture of action in the future rather than reaction. The author contends that a centralized exploratory research program is essential to the Agency attaining that posture.

10. As noted above in paragraph five, the majority of the engineering and production functions in the Agency are decentralized at the Office level within the DD/S&T. When considering the desirability of further centralization of these efforts or reverting to the old decentralized structure, arguments concerning the communication of user and engineer, economies of scale, and many other arguments parallel to the ones given in paragraphs seven and eight are put forth. Engineering and production functions have a constraint upon them, however, which is not present to a great extent in the exploratory research function. This constraint is time pressure. Critical delivery schedules and mission deadlines are not amenable to organizational manipulation and therefore, the author contends that mission oriented and user oriented offices are the preferred structure for engineering and production activities in the Agency.

11. The question now arises as to the benefits of spreading the mission-oriented engineering efforts throughout the Directorates of the Agency. Once again the same types

of pro and con arguments can be made:

a. Benefits of distributing engineering efforts among the Directorates:

1. Proximity of users and engineering resulting in better communication.

2. Focused responsibility for Technical Operations.

3. Avoids technological isolation and the discovery of solutions to "non-problems."

b. Disadvantages associated with distributing engineering efforts among the Directorates:

1. Some efforts will be duplicated.

2. Technology transfer among offices may be difficult, so technological spin off may be reduced.

3. Removes one level of check and balance if operators/users have control of engineering efforts.

4. Budget presentations to OMB and Congress will be fragmented and complex.

5. Some career management problems for engineers in Directorates other than DD/S&T may arise.

6. Not all managers have the skills needed to manage technology development or production activities.

12. Engineering functions should be centralized at the Directorate level and there should not be a distribution of the functions to all Directorates. Within the Directorate, centralization is less desirable. Since different missions have different driving forces and objectives, an organization around objectives and programs appears more reasonable than an organization around disciplines. The rationale behind this conclusion is best demonstrated by examples.

a. The National Programs carried out by the Office of Development and Engineering (OD&E) have high levels of funding and technical and budgeting reviews at many levels. This situation necessitates a high degree of planning and programming on a fiscal and technological level and justifies planning and programming staff at the program level. In the Office of Technical Service, (OTS) a main aspect of the engineering work is a Quick Reaction Capability to meet the technical needs of a target of opportunity. Clearly the planning and programming mechanisms of OD&E would be inappropriate and probably detrimental to such Quick Reaction efforts in OTS.

b. In a more philosophical vein, a look at past Agency technical programs seems to indicate that quantum jumps in capability are achieved by groups dedicated to specific objectives, e.g., the U-2 program, the Glomar

Explorer, and the National Programs. Additionally, in the DoD, major advances appear to have come from program oriented organizational arrangements such as AWACS. Farther back in history, the Manhattan Project was a mission-oriented organization.

13. Given the recommendation of a centralized exploratory research program from paragraph nine, the question arises as to how would changes in the Office of Research and Development minimize the disadvantages presented for such an exploratory research function.

a. Currently within the Office of Research and Development, there are projects and programs which clearly deal with engineering and, indeed, even procurement. These efforts should be exorcised from the Office of Research and Development; and the resources, both fiscal and man-power, to carry out those efforts should be transferred to the customer offices. Such a move would immediately help to create the proper exploratory research environment which was cited as an advantage for a centralized exploratory research program.

b. Clearly the objective of expending exploratory research resources with maximum efficiency is an objective to be vigorously pursued. It is not clear that a potential reduction in overhead costs obtained by decentralizing exploratory research efforts will result in a net efficiency increase for the Agency. Several aspects of this problem need to be considered. For example, it is not clear that the consideration of overhead expenditures at an Office or even a Directorate level is appropriate. One could argue that the only meaningful overhead cost is the overhead cost for the entire Agency. Using that benchmark, it is not clear that decentralization of exploratory research activities will result in an overall overhead reduction. Additionally, one could argue that exploratory research as an activity represents an overhead expense for the organization which sponsors the exploratory research. If one accepts that argument, it becomes very tenuous to assign overhead expenses related to an activity which is in total an overhead expense. Even if it is conceded that overall Agency overhead would be reduced by a decentralization of exploratory research activities, one must weigh against those possible overhead savings the potential costs in terms of duplication of efforts and the fragmentation of large technology investigations. The author concludes that maximizing the efficiency of exploratory research expenditures is best done by streamlining the procedures within a centralized program to allow for optimum utilization of exploratory research resources.

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c. The Office of Research and Development must sharpen up the procedures by which requirements for exploratory research are generated. The Office of Research and Development must be more selective in servicing requirements from customers and users. The office should undertake only those actions which are truly exploratory research and should decline to undertake activities based on the argument that "no one else is going to do it."

d. The Office of Research and Development should aggregate its programs around broad and meaningful requirements. The office itself should organize around these major program areas and should adopt a program manager structure within the office. Such an aggregation of programs and a program manager structure will go far toward eliminating waste in the expenditure of resources and will provide some degree of certainty that the purity of the exploratory research effort will be maintained and that work toward important objectives will be emphasized.

e. To minimize the problems surrounding technology transfer from a centralized exploratory research function, the Office of Research and Development must consider the technology transfer aspects of its activities at the initial stages of planning. There should be for every major program area a plan to assign people involved in the exploratory research efforts to the customer or user offices to effect the transfer of technology. Such a system will require careful and constant management attention since it will require office personnel to be removed from the office and from their duties for a period of time necessary to accomplish the transfer of the technology from the Office of Research and Development to the customer. Such dislocations are not managerially pleasant but the installation of such a system would be a first major step in the Agency toward addressing the problem of moving technology from the laboratory into hardware. As an aside, it should be noted that the implementation of a program manager structure within ORD should alleviate many of the problems of personnel dislocation during periods of technology transfer. Also, it should be noted that many industrial concerns utilize this personnel assignment technique to effect rapid and efficient transfer of technology from research centers to engineering or production facilities within the company. As stated above comparisons of U.S. industry with the Agency may be tenuous because of differing objectives. But this is one area where the author feels that the industrial organizational model is appropriate.

14. Given the recommendation of mission-oriented engineering efforts centralized at the Directorate level in paragraph twelve, the question arises as to how would changes in the DD/S&T organizational structure best implement the recommendation.

a. The work in support of National Programs should be separated into a distinct office as with the old Office of Special Projects. These efforts are large enough, sufficiently important, and distinct in their objectives to demand the total attention of a management structure.

b. Engineering and production efforts in support of world-wide agent and staff communications should be a distinct office. Since technical exchnage between this Office and the National Programs (regarding satellite technology) and between this Office and OTS (regarding communications technology) would be beneficial, a systematic rotational assignment plan for personnel should be established and adhered to.

c. Engineering and production efforts in support of the DDO [redacted] and the Office of Security should be assigned to OTS. Since engineering in support of [redacted] and the Office of Security is technically similar to the mission of OEL, a

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systematic rotational assignment plan for personnel between OTS and OEL should be established.

d. It is conceivable that a major objective of intelligence collection in the near future will involve deployment of unattended sensors in denied territory. Such sensors could monitor local weather and soil conditions, nuclear and/or industrial contaminents in the environment, the movement of weapons and weapons systems in a land or marine environment, and uses of lasers as communication systems or as weapons. The engineering and production of such sensors should be the mission of a distinct Office in the DD/S&T.

e. There should be formed a centralized Office of Technical Operations comprised of the operational components of OTS, OEL, (and perhaps even [redacted] and the Office of Security). The creation of this office would set responsibility for technical collection of intelligence and provide for a focal point for the generation of technical requirements for research and engineering offices.

f. To offset the increased span of management control for the Deputy Director of Science and Technology engendered by such an organizational structure, it is recommended that a troika of Associate Deputy Directors be formed to administer the needs of offices with similar interests. One arrangement for the Directorate organization may be:

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DDS&T

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A/DD/S&T/Research Eng. ADD/S&T/Production ADD/S&T/Collecti

15. During the interviews and deliberations which went into the preparation of this paper, several questions were raised that should be surfaced to see if they warrant consideration by Agency management. The following is a list of these questions.

a. Should a centralized exploratory research function be an independent office in the DD/S&T or should it be a staff function within the DD/S&T or should it be a staff function to D/DCI/CIA?

b. Is it appropriate to consider the establishment of a mechanism to evaluate the utility of Agency research, development and engineering products in the collection, processing and production of intelligence? Also, should such an evaluation function be controlled by D/DCI or the DDI?

c. What new mechanisms and procedures could be implemented to augment the technical skills of Agency personnel? Should the Agency consider the establishment of a sabatical leave program to send technologists from

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all offices to universities or industrial laboratories to sharpen and reinforce their skills?

d. How can the Agency set up a technical requirements validation system to assure that research and engineering activities are truly focused against the major objectives of the Agency and the Intelligence Community?

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

12 August 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : [redacted]
Chairman, Management Advisory Group

SUBJECT : Movement of OWI and OSI into DDI

1. Per your request to us last April, we have explored the potential problems and benefits of moving the Offices of Scientific Intelligence and Weapons Intelligence from the Directorate of Science and Technology into the Directorate of Intelligence.

2. On balance we support such a move. We feel that concentrating the Agency's total intelligence production capability within one Directorate would result in a qualitatively better, more interdisciplinary approach to significant intelligence problems. Moreover, we see the proposed change as consistent with the greater importance accorded intelligence production by recent directives and the recommendations of Congressional committees. It would bear witness to the Agency's commitment to concentrate efforts on improving such production.

3. We offer three caveats, however:

a. We mean the term movement in the physical as well as organizational sense. We believe that, in general, the physical proximity of DDI offices encourages interaction among disciplines.

b. At the same time we have been persuaded of OWI's need to retain easy access to and support from the Office of ELINT in DDS&T, and of the possibility that OEL separated from OWI might become another production office in the telemetry field. OWI should not be transferred to DDI until the appropriate safeguards have been established.

c. Whereas DDI, as a whole, has placed great emphasis on "current" intelligence, OWI and OSI have devoted relatively more attention to longer-term studies. We would urge the need for appropriate safeguards here, also, to ensure that these two offices not become so wrapped up in current intelligence that they short change other types of production.

[redacted] STAT

for Management Advisory Group

ADMINISTRATIVE
INTERNAL USE ONLY

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

SECRET

Executive Registry
76-10082

17 SEP 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : The Management Advisory Group

SUBJECT : Agency Goals

HANDED TO MAG BY DDCI

1. In response to your 10 September note, a number of MAG members met 14 September to discuss subject paper. Recognizing the scope and magnanimity of the tasks facing EAG in deliberating these issues we offer the following commentary. Obviously, in the time allocated we briefly skimmed the surface of each of the eight goals, but we do want to make some observations.

2. With respect to the goals themselves, we found general agreement among the group with the exception of Goal Number 6. There was strong sentiment that the goal doesn't really address itself to the real causes of our past improprieties, i.e., assassination plots, mail openings, drug programs and the like.

GOAL #1. - We must sharpen our capabilities to give policy-makers what they really need.

A. With respect to the first question, we feel the word "consumer" should be changed to read policy-maker since the goal appears limited to the policy-maker' needs.

B. MAG views this question to be so broad as to represent a separate goal and not a question to be addressed under this goal.

C. Some additional questions should be addressed in responding to the satellite question. Firstly, do we need real-time video satellites in the 1970's? Secondly, do we need an expendable sub-orbital satellite for crisis situations? Thirdly, what new telemetry monitoring systems will be required in the 1980's?

D. If the decision is made that the Agency has no role in managing future National Reconnaissance Programs, should consideration be given to the disbursement of DDS&T activities into other Directorates?

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SUBJECT: Agency Goals

GOAL #2. - We must better define and articulate the responsibilities of the Agency in the wake of outside investigations, revised guidelines, the new Community management responsibilities of the DCI, and changing perceptions.

A. The second question regarding sensors suggests another question. Should we examine the role of the Technical Collection Teams (TCT) concept with an eye toward delegating real authority to TCT management?

B. In evaluating our substantive product, should we seek to provide in our analytical product a projection of future events for future situations with some form of quantitative expression in our confidence in these projections?

C. With respect to the foreign procurement question, what should the Agency's role be in terms of accommodation procurements?

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E. In addressing the CIA counter-intelligence, we recommend the question be expanded to include foreign governments.

GOAL #3 - We must establish an Agency management process that will enable us to coordinate and integrate activities of all directorates and make effective plans for the future.

Should the Agency have long range planning documents beyond five years, against which we can make decisions about investments in future capabilities?

SUBJECT: Agency Goals

GOAL #4 - We must re-examine our allocation of resources and insure that we are spending our money and using our people in the right way.

A. In addition to asking what evaluation techniques can be brought to bear, we recommend you determine why the evaluation techniques now being employed have failed to produce changes in resource allocation.

B. Is our present method of evaluating resource practices valid? Are the results of these evaluations being implemented in proper fashion?

GOAL #5 - We must establish relationships of mutual confidence with both Executive and Legislative oversight organs and at the same time continue to develop public understanding and support of American intelligence.

A. When the Agency manages to achieve a standard of excellence, integrity, and objectivity the second and third questions will fade away.

B. Should the Agency be making a greater public relations effort?

GOAL #6 - We must strengthen our command and control mechanisms to ensure that we are protected from improprieties.

A. Paragraph 2 of this memorandum addressed the MAG sentiment regarding this goal.

B. Creativity of employees rarely relates to illegality and impropriety, therefore, we consider this as a non-question.

C. The second question stated in declarative form should be goal six.

GOAL #7 - We must find ways to reconcile our needs for security with the needs of those who use the information we produce.

A. EAG should review selected cases to assure that CIA is in full compliance with the letter and intent of FOIA legislation.

SUBJECT: Agency Goals

GOAL #8 - We must update and upgrade our personnel practices for the benefit of the Agency, its employees, and applicants for employment.

A. In exploring career development opportunities for our people, MAG recommends EAG review existing career development plans. One that was brought to MAG's attention was the one recently developed by DDO/ISG. We recommend you examine the methodology employed for possible application elsewhere.

B. Has the Scientific Pay Scale (SPS) system been abused by using SPS slots for management positions as opposed to a reward for technical excellence? Is there a need for analogous special pay scales for other directorates?

C. Should the Agency establish two separate career ladders -- one for management development and one for specialists?

3. MAG stands ready to assist in conducting in-depth studies in any or all areas where you deem it appropriate for us to help.

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THE MANAGEMENT ADVISORY GROUP

Executive Registry
76-10032/1

Administrative - Internal Use Only
ADMINISTRATIVE—INTERNAL USE ONLY

4 October 1976

MEMORANDUM FOR: The Management Advisory Group

SUBJECT: Agency Goals

REFERENCE: MAG memo to DDCI, dated 17 Sept 76, same subject (ER 76-10082)

1. I want to commend you for your very useful comments of 17 September on the draft statement of Agency goals. All your suggestions were helpful, and many were specifically incorporated in the revised version, now ready for EAG consideration. I am sure you will recognize your handiwork in the final product.

2. I strongly encourage your continued interest in helping the Agency to shape its future.

E. H. Knoche
Deputy Director

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

16 November 1976

MEMORANDUM FOR: Executive Secretary
Suggestion and Achievement Awards Committee

SUBJECT: Employee Suggestion 76-295

1. We are responding to your request for MAG views on a proposal made several months ago that the Agency establish as part of some sort of annual review—e.g., the DDO annual review—a positive, systematic solicitation by means of a short, simple questionnaire of the views of the employees in an installation or component under review as to how well the job is being done there, why that is so, what major problems exist, what must be done about them, and the state of morale.

2. We read with care the comments you reviewed from other Agency components. Taken as a whole, we gathered, they indicated that the proposal was likely to be turned down--so likely, indeed, that even a strong endorsement of the idea by MAG would not change the outcome.

3. In any case the MAG consensus is that the disadvantages of the proposal outweigh the advantages. We agree with the conclusion by the spokesman of DDI Management Staff that "employees with grievances have by now more than enough vehicles for having their grievances adjudicated" and that a new device would not represent an improvement. We also agree with the C/OMS/PSS that a system which was conducted on a regular basis, and which required people to respond, would soon become pro forma and meaningless.

4. In sum, we favor attitudinal surveys, but they should be a-periodic and voluntary.

Management Advisory Group

Attachment:
76-295 (Original only)

cc: MAG Members (15)

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ADMINISTRATIVE—INTERNAL USE ONLY

Executive Registry
76-5847

7 December 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: [redacted]
Chairman, Management Advisory Group

ST

SUBJECT: Life Insurance

1. The Federal Employees Group Life Insurance Program (FEGLI), although subsidized by the government, is far more expensive than other, unsubsidized, group life insurance programs available to government employees. FEGLI is more expensive because of its generous treatment of retirees--their full insurance coverage at retirement is continued free until age 65 and then at a reduced level, but still free, thereafter. This free coverage for retirees is paid for by the federal subsidy and, necessarily, by seriously overcharging young employees for their insurance coverage. Since many of the people who enter on duty in any given year will not stay around to retire, particularly the clericals, they receive no benefit for most of their insurance premium.

2. Under FEGLI, an employee pays $9.23 annually per $1,000 of life insurance protection, regardless of the employee's age. Other group life insurance programs available to Agency employees (WAEPA and UBLIC) scale their rates according to age, the employee naturally paying more for his insurance as he grows older. For example, WAEPA charges range from $1.70 per thousand for an employee under age 25 to $6.82 per thousand for an employee at age 60. Note however, that even at age 60 FEGLI still is 35% more expensive than WAEPA. And FEGLI is more expensive despite the fact that the Federal Government is paying one-third of its cost while contributing nothing to the cost of WAEPA.

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3. To provide just one illustration of what the above disparity translates into for the young employee--a 22 year old with $15,000 coverage under FEGLI would pay $138.45 annually. In addition, the Agency would pay $69.23, one-third of the total cost of $207.68. For the same coverage under WAEPA, that employee would pay an annual cost of $25.50, the Agency would pay nothing.

4. Unless the 22 year old employee cited in the illustration above is looking forward to free life insurance after retirement, there is absolutely no apparent reason for him to choose FEGLI over WAEPA. Furthermore, declining FEGLI now probably would not cost him the free coverage after retirement. He can join FEGLI later, anytime up to age 50 so long as he can pass a physical. Thus he could enjoy low cost WAEPA coverage up to age 49, then join FEGLI and receive free life insurance even if he retired only one year later.

5. Despite the obvious advantages of WAEPA (or UBLIC which is similar to WAEPA in rate and benefit structure), the overwhelming majority of young entrants on duty to the Agency who elect to purchase life insurance choose FEGLI. MAG believes this is occuring because, during the processing-in period when these decisions must be made, the new employee is not being given an adequate explanation of the life insurance options available to him.

6. A MAG member attended the benefits briefings recently given to one group of new employees. The FEGLI program was covered by one briefing officer, while a second briefer covered UBLIC along with other insurance programs such as the Flight and Accident policy, the Dread Diseases Plan and Income Replacement. No literature on UBLIC was given to the new employees, although it was explained that this was because the rate structure had recently been revised and the new brochure was not yet printed. WAEPA was not mentioned in either briefing. The cost and benefits of FEGLI and UBLIC were not compared by either briefer. However, FEGLI features such as the free retirement insurance and free insurance during periods of leave

of absence were highlighted. Also, FEGLI was cast as a fringe benefit, with mention that the government paid part of the cost of this insurance. Each new employee was provided with a Civil Service brochure on FEGLI which encourages the purchase of FEGLI and describes it as "a low-cost way to protect your family."

7. The Office of Personnel provided MAG with a randomly selected list of 24 employees who entered on duty in September 1976. MAG was able to contact 21 of these people and asked them whether or not they had purchased one of the group life plans; if they had, which one and why; and for their comments about the insurance briefings they had received. Our findings are summarized below:

a. Of the 21, 12 had taken FEGLI only, one had taken both FEGLI and UBLIC, one had taken UBLIC only, and seven had taken no life insurance. None had taken WAEPA.

b. The two who took UBLIC were both highly critical of the insurance presentations they had received during processing-in. On their own, both sought information and advice elsewhere and then decided to purchase UBLIC. Both are officers, one an economist and one a systems programmer, hired at the GS-11 and GS-12 levels.

c. Of those who took FEGLI, the reason most often cited for choosing FEGLI was its low cost. One thought that it was free, that the government paid for it. At the suggestion of the MAG member interviewing her, she checked her pay slip and confirmed that she was indeed paying the FEGLI insurance.

d. Of the ten clerical employees contacted, six were female, in their early 20's and without dependents--the category for which FEGLI would seem least appropriate. Nonetheless, four of the six took FEGLI and the other two, one the advice of their parents, took no life insurance. None of them had any knowledge of WAEPA or UBLIC.

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8. MAG concludes that the insurance presentations being made to new employees are inadequate and that they are slanted to influence the employee to purchase FEGLI insurance, whether or not this is an appropriate selection for the individual employee. The information the employee needs to make an informed decision either is not being provided or is not being provided in a useful and understandable format. We recommend that the briefings on FEGLI and UBLIC be presented together, by one briefer, and that WAEPA be included. Full cost and benefit comparisons should be made, both orally and in writing for retention and study by the employee, in language which is as simplified and straightforward as possible.

9. MAG also recommends that affirmative action be taken to provide all present employees with full information on all three life insurance plans. Because past life insurance presentations have been inadequate, many current employees have been uninformed and inappropriate decisions in this important area.

10. MAG's concern is not solely, or even primarily, the fact that employees may be paying more than is necessary for insurance protection. Of greater importance are those cases where young employees with dependents, particularly those with young children, are carrying inadequate insurance because they do not know of the alternatives to FEGLI. They do not know that one dollar spent on WAEPA or UBLIC may purchase five times as much protection for their family as one dollar spent on FEGLI. MAG believes that the Agency has an obligation to these employees, and to their families, to correct this situation. An effective effort to reach these employees is necessary and is entirely feasible.

STAT

for THE MANAGEMENT ADVISORY GROUP

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77-0140

7 JAN 1977

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16 JAN 77

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : F. W. M. Janney
Director of Personnel

VIA : Deputy Director for Administration

10 JAN 1977

SUBJECT : Life Insurance

REFERENCE : Memo to you from MAG, dtd 7 Dec 76, same subject

1. This memorandum presents information with regard to the referent Management Advisory Group (MAG) paper of 7 December 1976 on Life Insurance and indicates action being taken by the Office of Personnel.

2. The referent MAG paper points out some disadvantages of the Federal Employees Group Life Insurance (FEGLI) Program for young employees, indicates the lower premiums of other term insurance programs, suggests improvements in insurance presentations made by the Office of Personnel and recommends that affirmative action be taken to provide all present employees with full information on available life insurance plans. We agree that there are features of the FEGLI Program which must be pointed out to employees and will indicate below action already taken by the Civil Service Commission (CSC) and the Agency in this regard. There are some very necessary limitations on the Agency's endorsement or promotion of commercial programs of life insurance and these are also presented in this memorandum. Finally, we plan to improve our insurance briefings and to make additional information available on life insurance through employee bulletins and Government Employees Health Association (GEHA) publications.

3. The FEGLI Program was established by legislation in 1954 and is administered by the U. S. Civil Service Commission. It is a group plan of term insurance with a level premium designed to provide life insurance over a full Government career and into retirement. It is not intended as a substitute for regular individual policies purchased by an employee through

an insurance agent. Over the past several years there has been frequent mention in the media of the need for changes in the FEGLI Program. For example, the attached article by Joseph Young (Tab A) indicates that a complete overhaul of FEGLI will be proposed in 1977.

4. In response to complaints similar to those raised by MAG, the CSC issued Bulletin 870-13 on June 4, 1976 (Tab B) and asked that it be brought to the attention of all new employees until such time as a new FEGLI pamphlet could be prepared. This publication clearly states that FEGLI is not intended to meet the insurance needs of all employees and that the level of premiums in the early years of employment (younger employees) exceeds the cost of the insurance protection. An extract of the Bulletin was made and copies have since been given to every new Agency clerical and professional employee (Tab C). In addition, the Bulletin was posted on our Official Bulletin Boards. It is our intent to make a wide distribution of the revised FEGLI pamphlet when it becomes available.

5. With regard to other forms of life insurance, the Civil Service Commission has consistently discouraged Federal agencies from taking any action which could be construed as endorsement or support of commercial programs of life insurance, whether offered as a "supplement" to or in lieu of FEGLI. An individual employee's need for life insurance is considered a private matter which only the employee can decide. If an agency were to choose certain commercial life insurance programs to present to its employees, it would be obligated to give equal time to all other insurance plans. As a result of a general concern expressed by CSC on these matters, we discontinued, in early 1976, the mention of WAEPA in our insurance briefings and publications. Since the United Benefit Life Insurance Company (UBLIC) Program is offered through our employee association, the CSC does not object to the presentation of the Program to our employees.

6. While we do not agree with MAG that our Insurance presentations are slanted to influence the employee to purchase FEGLI insurance, we believe that there is room for improvement in the quality of the briefings and are initiating action to accomplish this. The MAG recommendation that the FEGLI and UBLIC briefings be presented together by one briefer is a good one and we will make this change. In view of the position taken by CSC on commercial life insurance, we do not plan to include WAEPA in our briefings.

Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

ADMINISTRATIVE—INTERNAL USE ONLY

SUBJECT: Life Insurance

7. The final MAG recommendation is that affirmative action be taken to provide all present employees with full information on all three life insurance plans. Since the revised FEGLI pamphlet is not yet available, we plan to issue an employee notice containing pertinent information from CSC Bulletin 870-13. We are also directing the Insurance Branch to prepare a GEHA notice presenting the basic provisions, premium structure and benefits of UBLIC life insurance. In view of the position taken by the CSC in opposing any action taken by a Federal agency which might be construed as an endorsement of commercial programs of life insurance, we do not intend to publicize WAEPA or other specific private insurance plans. We will instead continue to encourage all employees to give serious thought and attention to their own personal and family insurance needs.

[redacted] STA

F. W. M. Janney

Atts

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Executive Registry
76-9950/5

7 December 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Personnel Management

1. You have asked several times for such input as we can make on the various "goals" topics being addressed by the Executive Advisory Group. In this connection, we felt we might be most helpful to you by concentrating on those dealing with personnel matters. In addition, the EAG papers and minutes of the October 20 EAG meeting on personnel management have been forwarded to us for review and comment. In what follows, we have attempted to combine our thoughts on specific personnel questions and our comments on the related recommendations in the paper prepared for the EAG by the DDA. Page references are to that paper.

Career Development

2. We wholeheartedly concur with the DDA's conclusion (p. 31) that employees are concerned about the adequacy of career development programs and procedures. We cannot, however, agree that the principle problem is one of unrealistic employee expectations or that further Employee Bulletins are a solution. In all honesty, Employee Bulletins that simply defend and explain current practices—especially in an area where employees are dissatisfied—are probably destructive of employee confidence in management.

3. This is not to say that we disagree that employees have a responsibility for planning their own careers. But they cannot discharge that responsibility alone; it must be a joint endeavor with management. For this, we do not need new systems, we need to use the ones we have. The PDP names names; the ADP, if it has any validity, is drawn up with names in mind. But it is the rare component that consults the individual for whom it is "planning." And there is, as best we can tell, no follow-up action taken on any of the plans.

4. Our feeling is that the problem needs to be addressed primarily at the level of the immediate supervisor. The supervisor should exercise an already implicit responsibility for discussing career development—both future assignments and possible training—with employees on a regular basis. Not enough do. At the risk of proposing a bureaucratic approach, we suggest that the DDA proposal (p. 29) that supervisors be rated on

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their handling of new employees be expanded to an across-the-board requirement that fitness reports on all employees with less than 15 years service make explicit reference to possible future jobs and possible training opportunities. As a corollary, the employee's option to comment on fitness ratings should be expanded to allow for the employee's comments on these subjects. This would serve the dual purpose of forcing the supervisor to think of the employee's future and encouraging the employees to think beyond the immediate job.

5. We also think it should be Agency policy that each employee with two or three years service should be invited to discuss future jobs and training desires with that individual or group most likely to make decisions about the employee's immediate future. (The vague wording reflects the fact that the locus of personnel power varies widely between components). The logical, and intended, extension of this idea is that most professional personnel should be reassigned after a two to three year first tour.

Versatility/Rotation

6. Although the bulk of reassignments will no doubt continue to be intra-directorate, the possibility of rotational assignments should be made clear to the employee from EOD on. Here, again, we part company with the DDA suggestions (p. 9 and p. 37) that slots designated as rotational should be "few", "mostly staff" and "senior...men." The only way to break down the instituational barriers is to begin with relatively junior employees who have not become captives of various Directorate-imposed habits of thought and behavior. The best way to develop flexibility is to rotate people into substantive jobs—where the duties are dissimilar—rather than into similar staff jobs in different components. If you want a lot of flexible people, you cannot get them by undertaking only a few rotations. We will restrain ourselves on the question of gender, since we feel confident that you can guess what we think.

7. To be more specific, we believe we should be aiming for perhaps 10 percent or so of our professional people in rotational assignments at any time. We think it may be necessary to set a quota for each directorate. We believe that there should be the maximum possible number of direct swaps (e.g., two Near East analysts from ORPA traded for two operations officers from NE Division, an OER monetary analyst for a DDO officer with Japanese experience, obvious exchanges between Commo and OTS, OEL and OWI, OSR and NPIC, etc.). The swap arrangement would discourage the propensity to propose for rotation those of limited competence, since each supervisor would realize that you must offer quality if you hope to get quality. The final decision on each rotation should rest with the receiving component. We further suggest that "suitability for rotation" be a heavily-weighted factor in all personnel rating systems and that potential for rotation be a subject supervisors are encouraged to address in fitness reports.

8. As a corollary, we believe a separate career service (or board with some similar functions) should be established for those on rotation. Rotation must be made both appealing and rewarding. Under current arrangements, it is more likely to be threatening, since parent career services appear inclined to promote those who remain home and discount good fitness reports from outside the parent service. Moreover, rotatees have in the past been more vulnerable to RIFs. The essence of this proposal is that the "Rotatee Career Service" have the power to promote—even over the objections of the parent service—and that it have a strong say in the next assignment of each employee completing a rotational tour.

9. We further believe that the same new board, or yet another to be created, should have responsibility for assignments and promotions of all individuals who have reached the GS-14 level. Obviously, most recommendations for promotion and proposals for reassignment would come from the parent directorate, and the board would simply endorse many of the recommendations. But a board dedicated to a cross-Agency look would be in a position to offer alternative suggestions for some assignments and to weigh all promotion recommendations to GS-15 and beyond against the total needs of the Agency.

10. We also take exception to the notion that OTR should devise a training course for officers designated to fill such positions. Such orientations are clearly the responsibility of the receiving directorate; they should be individually tailored to circumstances. We do think, however, that OTR could contribute by emphasizing in its courses for new employees that they should be thinking about their next assignment from the day they enter and that they should be looking beyond the borders of their initial offices or directorates.

Key Operating Officials

11. We trust that the identification of "key positions" referred to in the minutes of the 20 October EAG meeting is only the first step in the process. Once those positions have been identified, we believe that a move toward bringing the PDP to life should follow. Individuals potentially capable of filling those positions should be identified by name, with suggestions provided by each Deputy, who would be encouraged to submit names from other directorates as well as his/her own. Any nomination should only be considered in light of that list. One side benefit of such an approach would be identification of a list of high potential employees, since certain names would appear on the lists of several Deputies and/or as potentially qualified for a number of positions.

Separation

12. The DDA recommendations (pp. 25-26) begin by suggesting that poor performance should be identified early but go on to say that low potential should not be sufficient basis for identifying employees for possible counseling or separation. A necessary distinction is not made. We believe that low potential should be the single most important criteron

for judging employees in their first several years on board. The Agency has a responsibility to new employees, as well as itself and the taxpayers, to identify its hiring mistakes early and help those who do not live up to expectations to find more satisfying futures elsewhere. One problem is the one-year probationary period. One year, under one supervisor, is no test of potential. The first year review should be a serious look for possible mistakes. The possibility of error in either hiring or assignment should be reflected in a transfer to a second assignment. The employee should be told then that a potential problem has been identified and that the change of assignment and supervisor is a deliberate effort to determine whether the problem lies with the employee or with the assignment or supervisor. A re-review should be conducted at the end of two or three years—concurrent with the "future jobs and training" review suggested in Paragraph 5.

13. So far as employees with longer service are concerned, we agree that low potential must not be used as the sole basis for rating employee performance. Many trained, valuable employees are content to remain in grade and in place, contributing greatly to our overall effectiveness. But we do believe that either supervisors or Career Service Boards should be honest with such employees and that they should reflect their convictions in their promotion decisions.

14. The single biggest glitch in the system is the human factor—individuals do not like to tell others to their face that they are not measuring up. They avoid the unpleasantness and pass the problem along to someone else when possible. We are all guilty. But we, as a group, do not believe that the Agency is doing enough to live up to its claims that all its employees are superior. Primarily as a means of forcing supervisors to deal honestly with their subordinates, we wholeheartedly endorse a recent suggestion by the DDS&T Management Advisory Panel that a statement of competitive ranking be included in each fitness report. We would go further, also requiring that the next ranking be communicated to the employee as soon as the new rankings have been compiled. Including rankings in fitness reports should also help to make the attempt to separate (or encourage voluntary departure of) an employee less threatening to the supervisor who tries. At present, it all too often works out that the supervisor is labeled the troublemaker in such a situation. In addition, we feel strongly that each employee should again be made aware of the right to see personnel files and that a consistent policy on this should be enforced throughout the Agency.

15. As part of a program to ease the lot of those who are not fulfilling the Agency's needs, could we work out an agreement with the Civil Service Commission to obtain CSC ratings for at least some of our employees? Several of the "excepted services"—including the Foreign Service, USIA, ACTION, and ERDA—have such arrangements. For CIA, it would be an asset both in attracting personnel—especially clericals, we believe—and in alleviating some of the human problems inherent in any separation out policy.

Encouraging Excellence

16. Rewarding excellence is often seen in terms of "fast-tracking" (p. 10). But the question is really one of differential between excellent and average. What we see happening is rapid promotion for the bulk of the professionals to about the GS-13 level and then a severe bottleneck. This probably means that too many people are being promoted to the 13 or 14 level simply because the grade structure provides "headroom." At that bottleneck, the distress created in co-worker-observers by a "wrong" promotion is many times as great as the pleasure created by a "right" one. Our message here is that the psychological satisfaction of good employees will be enhanced if the promotion process is selective from the beginning and if the propensity to promote everyone as long as there's space can be overcome. A promotion says, "CIA wants you to remain on board." Whether that signal is an accurate one needs to be an explicit judgment faced in every promotion recommendation. In sum, we believe that promotions need to be more competitive all along the way. We believe most of your middle-level employees are not only willing but anxious to see this happen.

17. In regard to promotions, we are somewhat troubled by the suggestion that "career tracks should be developed for substantive and functional specialists that need not force them into managerial responsibilities for advancement" (p. 28) and similar statements in the past. We applaud this suggestion with reservations—reservations that stem in part from the lack of a clear explanation of the reason for the recommendation. The real problem is that we are too often saddled with bad managers who were promoted because they were good analysts, case officers or engineers. We believe that every effort should be made to reduce the number of strictly managerial jobs, by eliminating unnecessary layers and unnecessary creation of sub-divisions, and thus to increase the number of non-managerial slots at the higher levels.

18. Our other reservations have to do with the often proposed concept of reserving some number of senior slots for specialists. As we understand "specialist" in this context, the reference is to an individual who wishes to deal with a single subject or a single kind of operation or a single work speciality and who is unwilling or unable to perform in a supervisory role. First, let us say that there should always be room for exceptions to overall policy. But we wonder how protective CIA really needs to be of its specialists. The costs are high. Reduced to the essentials, we are talking about promoting an analyst or case officer to GS-16 in 20 years (more or less) of EOD and thereafter paying $40,000 a year plus on-duty and retirement benefits (at current rates) for another 10-15 years. The dollar cost during the latter period is in excess of half a million dollars. The personnel cost is denial of promotion to someone who is more flexible in type of occupation and who is willing and able to assume supervisory (read: people-handling) functions.

19. To be hard-hearted for a paragraph, are these costs necessary? We are at a disadvantage here, because we do not know whether any substantial number of "specialists" have left in recent years because better opportunities were available outside. But we suspect that the market for specialists is little, if any, better outside. Which is to say, we suspect that the Agency can retain its specialists without incurring extraordinary costs.

20. A partial solution may also be found in relaxing or eliminating the Office of Personnel's guidelines for grades. We understand, although we cannot find reference in the report, that the Arthur D. Little team was extremely critical of our unnecessary adherence to Civil Service Commission rules, regulations and guidelines of various kinds. Why should it be necessary to give an individual a misleading title and false job description to justify a promotion? Given that an office of division chief has a certain number of each grade to assign, why shouldn't such a chief be allowed to decide which jobs are the most important? We recognize that the whole system reflects the struggle between directorates for slots at various grades, but we do not think the current process is a solution.

21. We believe other changes are possible to facilitate rewarding excellence, especially at the lower levels. We believe that Agency policy of using the even grades for junior professionals has outlived its usefulness. At NPIC, a CIA GS-7 doing a solid job can expect to become a GS-8 in a year; his desk-mate, a DoD GS-7 doing the same solid job, can expect to become a GS-9 in a year. This is wrong.

22. We further believe that supervisors should be encouraged to award Quality Step Increases and that procedures for QSIs should be simplified. This would serve two purposes. It would give us an easy way to reward superior performance. And, it would give us a way to reward that performance in the lower ranks—especially the clerical ones—without promoting employees too rapidly to a position where there is no headroom. At present, despite the regulations, promotions are easier to grant than QSI's in practice, but the short-term solution of granting a promotion can mean the long-term drawback of having used up almost all the rewards and incentives we have to offer certain groups of people.

23. We also need some way to honor superior short-term performance—a purpose for which the QSI is sometimes misused. We do, of course, have certificates of merit. But we should also make much more extensive use of bonus programs, whereby a one-time lump sum payment is awarded for special achievements on a specific project or assignment.

24. As to the DDA's claims (p. 10) that a reasonable amount of fast tracking is occuring, we agree that the 1975 record of 10 percent of promotions to GS-14, 15 and 16 being granted within two years is respectable, in the aggregate. But we are dealing with individual human beings and with separate organizational boxes, not with aggregates. A glance at the table (p. 14) shows that DDA and DDO were less flexible in their practices than

the other major units. A table at the component level would no doubt show some who have not violated a time-in-grade guideline in the memory of anyone now on board. And it is precisely this capricious and arbitrary treatment, which depends largely on the attitudes of individual supervisors, that leads 35 percent of our employees to judge the promotion system as unfair (p. 33). We need more than another guidance issuance stating that time-in-grade is not a rigid requirement (p. 27). We need to have that message repeated frequently and forcefully by Deputy Directors to supervisors and promotion panels. And we need to have it supplemented with an equally forceful statement that time in grade is also <u>not sufficent grounds</u> for promotion. Indeed, we wonder whether time in grade need be taken into account at all. A promotion decision is a highly personal thing; <u>need</u> it depend on anything other than the capabilities and potential of the person in question?

<u>EEO</u>

25. We are dealing here with deep seated attitudinal problems. We need to face up to the fact that whatever is done, someone will be hurt—blacks, women, etc., who are treated unfairly or the people responsible for the unfair treatment. It should be made abundantly clear now that the EEO performance of each component will be reviewed in depth on a component-by-component basis at the end of the year and that the details of both superior and poor performance will be made public within the Agency. This is, admittedly, a "fight fire with fire" solution. We propose to embarrass some people. It must be done with extreme care, and every effort must be made to avoid singling out poor performance on unfair or inaccurate grounds. The praise must be heaped on at least twice as liberally as the blame. But it is time to get a lot more public and a lot more personal about this issue.

26. In many cases, employees with a complaint or grievance are unsure whether to go to the IG, the EEO Office, or both. As the DDA paper (p. 31) points out, employees do not understand grievance procedures. This is an area in which a Headquarters Bulletin or a letter to employees from the DDCI could do some good. What is needed is a clear, concise paper for all employees that explains in one document all the grievance mechanisms of the EEO office and the IG and explains where they work together and where they are independent.

27. In the EEO area, even more than in others, we are handicapped by our lengthy personnel processing procedures. It is a fact of the 1970's that highly qualified minority applicants are in great demand. We should be making a particular point of looking for such individuals while they have at least a year left in college or graduate school. We should also have procedures for expediting processing of those who are clearly qualified and apparently clearable. There is no obvious reason why we cannot employ such individuals on unclassified projects pending final clearance and even keep them on for a year on such projects in the event that the unexpected clearance problem does crop up.

28. We should also seek to expand our programs for hiring highly qualified minority applicants while they are still in school—or at the time of high school graduation—and assisting them in their college educations.

29. In sum, we should make every reasonable effort to enlist and retain minority employees whose abilities are patently superior. And we should be willing to take strong action in the case of managers now on board who are unwilling to carry out their responsibilities in this area.

30. With regard to the particular discontent of women pointed out by the DDA (p. 38), there are a number of specific problem areas to be worked out. Women take pregnancy leave. Regulations guarantee them continued employment in a position of like seniority, status and pay. Practice guarantees them only pay. Women accompany their husbands on overseas assignments; upon return, their job rights, if they exist at all, are not clearly defined. Some DDO women in operational support jobs overseas return to find only clerical jobs in headquarters. The average age of women is substantially higher at almost all grades than the average age of men. At the middle and lower grades, women are less likely than men to get "high visibility" opportunities—presumably because there is widespread belief that the women cannot handle the "pressures" involved. To a degree, women compound their own problems; fearing that they are likely to be turned down on the basis of sex, they fail to express their desire for new opportunities and more responsibility.

<u>New EOD's</u>

31. Follow up interviews of all EOD's should be conducted at the end of the first year. However, contrary to the DDA recommendation (pp. 29-30) these should be conducted by the people who rate, assign, and promote—supervisors and Career Service board participants—rather than by the Office of Personnel. There probably is good reason to ask Personnel to coordinate development of a list of common questions to be used by all components, so that certain statistics could be compiled on an Agency-wide basis. But asking Personnel to do the interviewing compounds the existing problem of inadequate involvement of supervisors and Career Services in career development. The comment (p. 23) that "senior directorate personnel officers... reported in general that they had very little direct contact with new employees" is perhaps the most damning statement in the DDA paper.

32. As indicated above, new EOD's should be told early and often about job opportunities throughout the Agency and should be encouraged to begin planning a future. Those who are not proving highly satisfactory in their first assignment should be tried in a second. Training courses should be substantially revamped, so that they are short, relevant, and intellectually challenging. All components should have some sort of formal mechanism for orienting new employees. And the OSI "buddy system" (p. 23) sounds most attractive.

33. As to the other specific DDA suggestions, our reactions are mixed. We believe that rating supervisors on how well they provide on-the-job training and orientation (p. 29) is worthwhile, though we recognize that it will be a sterile exercise in many cases. We believe better orientation of clericals is desperately needed, but we believe that there should be some formal indoctrination at EOD, rather than simply a training course within two or three months (p. 30). We would encourage some regular process in every component for familiarizing all new clerical employees with formats, procedures, etc. and not simply leaving that to a perhaps inexpert supervisor. (Many supervisors do not know or care how wide the margins should be or how the signature block should look, but some front office secretaries do not now take the time to assume their responsibilities in this regard. They simply return work to be redone, leaving the new clerical frustrated and creating unnecessary distress and insecurity.)

General

34. We have not, of course, addressed all the personnel questions under review by the EAG, but we have tried to comment in some depth on those where we feel we can make a potentially useful input. We would like to close with a few comments that make explicit some of the feelings that may only be implicit in the above.

35. We do not need a lot of elaborate new systems. We need to use those we have or discard them. This applies not only to PDP and ADP—it applies to LOI's, MBO, the lower 3 percent or 5 percent exercises, fitness reports, etc. As human beings, we all have difficulty being honest with one another, particularly where honesty requires examining weaknesses as well as strengths. We must, nevertheless, force ourselves to do it.

36. We think new and different approaches to personnel assessment should be tried. This would include both peer rating and rating of supervisors.

37. The Agency needs to clarify responsibilities for career and personnel management and align responsibility with organization. Specifically, an Office of Personnel subordinate to one Deputy Director cannot develop or implement personnel policy. Yet, there is no need for such basic functions as identifying new recruits, processing forms, and overseeing employee benefits to be elevated to the level of the DDCI. What we would suggest is a small organization (perhaps called the Office of Personnel Policy) reporting directly to you and responsible for:

—performing the Career Service function for rotatees and GS-14s and up;

—doing the same for another group not covered in the DDA paper—those on detail to other agencies;

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—developing or adjusting policy-related personnel systems and ensuring feedback on them;

—facing up to problems of "mix";

—being your eyes and ears in the area of assignment to key positions;

—taking a hard look at PRA practices throughout the Agency; and

—generally concentrating on overseeing such Agency-wide problems as lack of career development planning, inadequacy of quality control, and unevenness of application of various policies and regulations.

We would leave what remains of the Office of Personnel where it is and suggest that the head of the new Office of Personnel Policy (who probably should be recruited from outside) take advantage of his improved bureaucratic position to take a good, hard look at the personnel policies of the directorates, bringing in outside consultants to help.

38. We also sense in much that we have recently heard and read that the faith of top management in OTR far exceeds our own. This is not to say that OTR is staffed with inferior individuals or that it is poorly run. Rather, we are inclined to believe that the concept of a centralized Office of Training ought to be reexamined. Our own personal experiences with OTR courses lead us to the conclusion that they are usually designed to be of use to all and end up spending too long on too little of real importance to the individual student. There is a huge variety of courses available in the outside world—courses that would help bring CIA personnel into increased contact with outsiders and with new ideas. These look expensive—but we doubt that they compare unfavorably with the per-student-day cost of OTR. Certainly we need in-house training, but we would like to see more of it conducted by the components with specific expertise and less of it conducted centrally. Failing any other change, we suggest that every OTR course could probably be shortened at least 25 percent and most could be shortened 50 percent.

39. In closing, we are not a discontented lot. Indeed, we are probably remarkably content, in that we certainly enjoy an unusual luxury in our continuing contact with you and our unusual access to information

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on top management's plans and concerns. But since what we have seen of the advice you are getting through official channels on personnel issues strikes us as terribly bland, we have deliberately chosen to be blunt. Personnel concerns are a source of considerable unhappiness among many of the people for whom you and the DCI are responsible, and we take you at your word that you want us to be straightforward.

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THE MANAGEMENT ADVISORY GROUP

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4. There are certain ideas or suggestions in the paper which may be worth further examination. Difficulty exists, however, in properly identifying those ideas because the authors appear to have challenged the basic Career Service personnel management system of the Agency by piecemeal attacks on elements of the system rather than presenting a reasoned critique in a coherent fashion and then stating what would be their remedial course of action. As a result, there appear to be inconsistencies in the MAG paper with respect to the roles to be played by the principal elements of the system that would result if their suggestions were followed.

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John F. Blake

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back aboard. The "Rotatee Board" would in three years be a depository for unplaceables. Incidentally, the Management Committee spent some hours on this subject in 1974 and reached the quite workable rule that when a rotatee reaches three years out, a decision must be made as to whether the individual returns to the parent service or is picked up by his/her present service of assignment.

II. A few comments by paragraph:

Paragraph 4. The immediate level supervisor: Everyone agrees - even OP - the supervisor is an important cog in the career management machine. But it doesn't stop there. The system is strengthened by the use of Boards and Panels, whose multiple inputs broaden the identification of potential future jobs and training opportunities and reduce the impact a biased supervisor may make. They can play, and should play, an important role in the assessment function.

Paragraph 5. See PASG on counselling and the published Personnel handbooks of the Career Services which resulted.

Paragraph 6. "The best way to develop flexibility is to rotate people into substantive jobs - where duties are dissimilar" - The Agency has diminishing human resources and non-diminishing responsibilities. We had some 150 inter-Directorate rotations in 1975 and 600-plus intra-Directorate.

Paragraph 9. There are more than 2,500 GS-14's and above in the Agency. The current Agency problem is to review senior assignments, in the first instance up to 50 key positions, and perhaps subsequently all 430 supergrades at the EAG level. We will have to see whether EAG can afford the time.

Paragraph 11. The question of "bringing the PDP to life" is puzzling. The DDCI has on 20 December 1976 signed a memo to the Deputies concerning his analysis and expectations on the 1977 PDP.

Paragraph 12. The 20 October EAG addressed the subject of "separation" and the confusion apparent from the Attitudinal Survey on this. Decision was to prepare a clearer Regulation and that draft is currently with the Secretary, EAG. The Agency does separate employees in their first year. There are reassignments; the employee is told when a problem is identified. This whole procedure is essential to the CIA personnel management system.

Paragraph 14. The Agency has for the most part good supervisors. They are conscientious. Fitness Reports today are far more particular and honest than five years ago. This is at least in part a result of constantly rotating membership of the evaluation panels. Regarding the remark on awareness of the employee to see his/her personnel file - it was open policy in 1974 (589 reviewed their files), in 1975 (945), in 1976, despite a radical change, because of a move to Ames Building, in the system of making each file available, (609). Employees spend from 30 to 90 or more minutes in such a review and Agency policy requires another employee to be present. The suggestion that the Fitness Report incorporate the ranking of the employee in comparative evaluation is potentially harmful to the interests of employees. It would incorporate the ranking in the permanent record, where it might influence future assessments of performance through a halo or tarnish effect. The evaluation ranking is not appropriate to an appraisal of an employee's performance.

Paragraph 15. The Agency tried for CSC ratings and was turned down. MAG's concept to try for "some of our employees" would be patently discriminatory.

Paragraph 16. Promotions are based on competitive evaluation. "Rapid promotion for the bulk of the professionals to about the GS-13 level and then a severe bottleneck." This is not evidence of non-selective promotion, but is the product of the many factors that affect relative speed of promotion. The proposed new Regulation on promotion reinforces the principle of selectivity.

Paragraphs 17, 18 and 19. Personnel management in the Agency attempts to be responsive to Executive and Congressional interest in improving intelligence analysis. We also try to relate pay to value of the individual to the service.

Paragraph 20. The directions from the White House, OMB, CSC and Congress are informative on the classification of positions.

Paragraph 21. The Director, NPIC, feels this situation is not out of control. As a general concept, it was decided by the Management Committee, despite OP recommendation, to stay with the even grades since it gave more frequent promotions.

Paragraph 23. In 1974 the Management Committee, on the recommendation of OP, set up the Special Achievement Award and the Exceptional Accomplishment Award. To date, 58 awards have been approved for a total of $105,425. The DCI and DDCI recently participated in a ceremony where one employee was awarded $7,000.

Paragraph 24. The 35% is taken from the OP Attitudinal Survey. Other pertinent statistics not mentioned: 34% think promotions are given fairly and 30% are on the fence; 62T understand the promotion system; 65% say the pay is fair; and from the APP -- 26% of the Agency is promoted annually. As noted in the beginning, the Agency response on fairness of promotions is slightly better than the Government-wide response. If there is a problem, it is Government-wide.

Paragraph 25. EEO: Discussed at 20 October EAG Meeting. New policy proceeding rather successfully.

Paragraph 26. EEO procedures are clear. Grievance procedures are set forth in each Career Service Handbook. This is typical of guidance available to employees. Perhaps the employee does not absorb procedures until they have need to employ them. Other examples: Attitudinal Survey shows 46% of employees are not aware of the Developmental Profile, 57% have not read profile applicable to his/her job, 49% don't know the criteria used to determine rankings. Yet all information on these is published in the Career Service Handbooks, and their existence has been touted and touted, by notice, by bulletin and in all core courses of OTR.

Paragraph 27. Re lengthy processing procedures -- in the early Fall of 1976, a new and momentarily successful system of Directorate and OP coordinators was instituted which is drastically reducing processing time.

Paragraph 29. We do.

Paragraph 30. Inequities were set forth in the OP paper which MAG is commenting on. Percentages of promotion versus percentages of population are higher. Trend is correct.

Paragraph 31. Supervisors are not as likely to elicit free comments as outside (OP) interviews.

Paragraph 32. The whole counselling concept as published in the handbooks and practiced by the career management officers is designed to help this.

Paragraph 38. The last sentence, "Failing any other change, we suggest that every OTR course could probably be shortened at least 25% and most could be shortened 50%," perhaps best sums up the underpinnings of the whole paper. The Attitudinal Survey, not infrequently quoted in the MAG paper, shows 88% have received Agency-sponsored training, 70% believe it has made them more effective, and 66% have adequately utilized any additional training they have acquired.

Paragraph 39. It happens to be our concern also when "personnel concerns are a source of considerable unhappiness," and in every appearance by OP careerists in training courses, in weekly and monthly career service meetings, in our discussions and meetings with members of other components, in our EOD briefings, at every opportunity we are trying to cut down on that 57% who have not read the "profile applicable to job."

G

Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

26 April 1977

MEMORANDUM FOR: DDCI

INFO : DDA
D/OS

SUBJECT : Management Advisory Group (MAG) Review of Agency Policy and Practices Concerning Hiring or Retention of Persons Involved with Homosexuality or Cohabitation

1. MAG, both as a body and with a sub-committee, has studied the subject of this memo during March and April 1977. Our concern was to review the following points:

a. What is Agency policy?

b. Is Agency policy on firm legal and scientific ground?

c. Is Agency policy so formulated that it can be defended and enforced rationally and effectively?

The main input to MAG was provided by Mr. Robert Gambino, D/OS, in a personal meeting with MAG on 6 April 1977. Additional data was furnished by Mr. Ben Evans to sub-committee members. Further perspectives were collected from interviews and papers from Agency employees who are specialists in the behavioral sciences, and from informal discussions with working-level security officers. Finally, MAG members also drew upon their individual professional experiences.

2. Our general conclusion is that Agency policy and practices concerning Subject as of spring 1977 are reasonable and are given to reasonable occasional review. MAG's understanding of the specifics are as follows:

a. Cohabitation: The Agency will not accept cohabitation either on the part of applicants or of employees if it comes to management's attention. Three main reasons are cited. One is that this is also the policy of the Department of State and it is necessary to be consistent with the policy of that agency because of 25X1

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our close association, [redacted] A second is that the majority of our nation's population do not view cohabitation as correct behavior, and thus public disclosure of instances of it would tend to reflect discredit on the Agency. A third reason is security. Legal spouses of Agency employees are subject to security check, but in a case of cohabitation an Agency employee may well be in a relationship of close emotional dependence with an essentially uncleared person. MAG understands that new applicants for employment who are cohabitating are advised to either regularize the relationship by marriage or terminate it; otherwise, the application will not be processed. Employees who come to management attention as cohabitating are counseled as to Agency policy against it, and advised to change their arrangement. Mr. Gambino informed MAG the normal experience is that employees cooperate when so counseled. It is not OS practice to go out looking for cohabitation cases nor to check up further on employees counseled. D/OS points out that responsibility for setting and enforcing this policy belongs to Agency command, and not to OS itself. This point is of special importance as it applies to employees permanently assigned to overseas posts. For these employees it is the Chief of Station who must articulate and enforce the policy. This special case takes on added importance as cohabitation overseas is likely to involve foreign nationals, and an OS representative may not be present at the post.

b. Homosexuality: Mr. Gambino said that OS itself is currently preparing a study concerning the Agency's approach to this question. MAG takes this as a constructive sign that both Agency policy and implementation in this area are current and considered. The Agency will not hire applicants who are homosexuals. Employees who are found to have become homosexuals are counseled that such behavior is unacceptable and given the opportunity to resign. So far, according to Mr. Gambino, the Agency has not had an employee who was an open and avowed homosexual. Agency experience therefore is limited to those who are covert. Therefore, such individuals have so far cooperated in a discrete termination of their employment. The reasons for not employing homosexuals are essentially the same as those for not condoning cohabitation: consistency with other agencies, avoiding reflection of discredit on the

Agency, and security. Additional reasons are also cited. Primary of these is the disruptive effect of the presence of homosexuals among heterosexuals, particularly in field operational circumstances and in travel situations. The psychological area is more controversial, as there is no consensus among reputable professionals in the behavioral sciences about whether homosexuality is to be considered a psychiatric disorder. World-wide, this problem is complicated by the variance in local cultural values. However, from the security viewpoint, it is known that opposition intelligence services would more vigorously target an identified American homosexual than a heterosexual, on grounds that the American cultural bias would tend to make that person more than normally vulnerable to blackmail.

c. Drugs: Agency policy concerning drug use by applicants or employees was not an original part of this MAG inquiry. We did find, incidentally, that it is essentially the same as policy covering cohabitation and homosexuality, and is being administered with equal appropriateness. Alcoholism, on the other hand, is in a kind of twilight zone. It seems possible that an occasional employee may be floating along in this state without particular management attention, until he does something dramatically unacceptable while under the influence.

3. Being generally satisfied with the current state of Agency policy and practice in the above areas, MAG's recommendations are few and directed toward the future:

a. An important part of the Agency's basic position in not accepting cohabitation, homosexual behavior, and drug use is the argument that public disclosure of such on an employee's part tends to reflect discredit on the Agency. This argument is very close to the prevailing standards argument currently cited in court tests of pornography law. Such an argument is vulnerable to social change and to surprise rulings by individual judges and courts. Therefore, regular reviews of this aspect of policy are in order. A good example of this procedure is the OS review of the homosexuality policy which Mr. Gambino stated is being prepared currently. It seems likely that someday the Agency will be subject to a legal challenge by an overt homosexual applicant and should be well prepared for that eventuality.

b. Mr. Gambino pointed out that some employees think that the policies discussed in this paper are the creation of the Office of Security, rather than of Agency management and command. In the particular case of the chiefs of overseas posts, MAG thinks it would be useful for them to be reminded that explanation and enforcement of this policy are their duty, with special reference to instances of cohabitation with foreign nationals. Also, we believe that OS would be helped by further senior level guidance on the particular situation of two staff employees cohabitating in the United States. Rightly, we think, OS does not use valuable time going out looking for instances of this, and when such cases become visible, OS must rely on the cooperation of the employees to conform. However, in the event such employees do not cooperate, the Agency has the dilemma of whether the policy is enforceable in a practical sense. Here again, if such a case were pushed to its limits, termination, a court test with surprising results might occur.

c. Within MAG, a minority opinion on the cohabitation matter was expressed, and MAG as a body agreed it should be expressed in this paper. This opinion is that no administrative action should be taken to interfere with an Agency Staff Employee in CONUS cohabitating with an American citizen, unless an OS investigation discovers a security problem with the other party. Reasons for this opinion include a concept of individual rights, and the thought that employees in such a relationship would not feel tempted to hide it in such a way that security was neglected. There is also, in this view, a concern that our current policy is rooted in social and cultural values which are so subject to change as to be weak foundations for permanent rules. Proponents of this view recognize that OS would be to some extent "burdened" by having to conduct these investigations and they would likely require the consent of the subjects.

d. For this report, MAG did not set out to study the question of drugs or alcoholism as they may affect our employees. Thus, we are not at this moment aware of the extent to which Agency alcoholism, in particular, may have been studied. We assume that serious individual cases are dealt with medically and administratively as they arise, but we are less certain as to what would be advisable today in terms of an educational preventive effort. Therefore, we leave that as a question which addressees may wish to consider referring to such competent Agency specialists as OMS.

4. Finally, MAG sincerely appreciates the contribution of other employees to this study. Mr. Gambino's clear and open presentation was particularly helpful and reassuring as to the essential soundness of the Agency's current approach to Subject matters.

For the MAG

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Approved For Release 2006/01/03 : CIA-RDP81M00980R001700090048-3

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29 August 1977

MEMORANDUM FOR: Chairman, DCI/MAG
Chairman, ADMAG
Chairman, DDO MAG
Chairman, MAGID
Chairman, DDS&T MAP

FROM: John F. Blake
Acting Deputy Director of Central Intelligence

SUBJECT: Feasibility of Two-Grade Promotion Policy

REFERENCE: Memo dtd 18 Aug 77 to ADDCI via Compt fr D/Pers, same subj (ER 77-5578)

1. MAG groups historically have shown a lively and proper interest in the personnel management policies of the Agency. One of the problems of Agency management has been how best to interface with the MAG groups so that management can capitalize on their feedback when major personnel policy changes are under consideration.

2. There is at hand an instant case where I believe Agency management and the MAG groups can have a dialogue on a proposed personnel policy change. The issue involves the Agency changing its promotional policies up to the grade of GS-11. The attached paper states the issue and develops the considerations. I am somewhat concerned over two aspects of this policy and it is those aspects primarily to which I invite your attention:

a. I am as equally concerned with those who currently hold the even-numbered grades as opposed to those in the future who would be promoted, under this policy, on the two-grade basis. My question therefore is whether we are being fair, in recommendation 4.B., to those individuals currently holding the even-numbered grades.

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b. The recommended policy change is for professionals only. This raises the question as to whether we are being equitable to those who are either para-professional or technicians and, secondly, to those in the secretarial ranks.

3. It would be appreciated if you would discuss this matter with your colleagues and submit your views to me by 12 September 1977.

John F. Blake

Att
Ref memo

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MEMORANDUM FOR: Acting Deputy Director of Central Intelligence

THROUGH : The Comptroller 24 AUG 1977

FROM : F. W. M. Janney
Director of Personnel

SUBJECT : Feasibility of Two-Grade Promotion Policy

1. Action Requested: Approval of recommendations that are contained in paragraph 4.

2. Background:

a. There has been a lack of comparability in promotion practices between CIA and DIA professionals serving together in the National Photographic Interpretation Center (NPIC). This issue prompted a broader examination of the Agency's unique practice of single-grade promotions in the range GS-05-11. In March 1977, the Director of Personnel recommended a return to the two-grade promotion system for Agency professionals in the grade range GS-05 - GS-11. (This practice was in effect within the Agency during the 1950's.) The subject was discussed by the Executive Advisory Group (EAG) meeting of 10 May 1977, at which time cost estimates were requested. At the EAG meeting of 14 June 1977, an additional request was levied upon the Director of Personnel for a transition plan to assure equity for professional employees now in grades GS-06, GS-08, and GS-10. The Office of Personnel drafted such a transition plan, along with cost estimates, that has been reviewed by the Comptroller. The essentials of that draft are included in this action paper.

3. Staff Position: The recommendations presented in Section 4 are a modification of a proposal prepared in 1969. At that time it was proposed that the transition be accomplished by 1) establishing time-in-grade guidelines for two-grade promotions, 2) promoting to

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the next grade immediately qualified professionals of grades GS-06, 08, 10 if they are in positions of higher grade, 3) promoting professionals now in the position grade of GS-06, 08, 10 when they qualify and are eligible for promotion under normal procedures, and 4) promoting individuals in training or newly hired as GS-06, 08, and 10 a single grade when qualified and eligible, and thereafter under the two-grade system up to GS-11.

A weakness in this original procedure was the outcome that some employees recently promoted to GS-06, 08, or 10 and then given the transitional promotion would have had abnormally short time-in-grade over the two-grade range. This could be guarded against by providing that the transitional promotion (a single grade to GS-07, 09, or 11) should not follow sooner than three years after the promotion to the preceding odd number grade. The necessary exception should be made for highly ranked (first category) individuals who meet all other criteria for promotion. Thereafter the promotion timing would be governed by the standing guidance of the particular Career Service.

The additional cost of the transition year (FY 1978), when there would be catchup promotions for many professionals graded GS-06, 08, or 10, would be an estimated [redacted] In subsequent 25X1
years, the costs would be controlled by policy governing time-in-grade. If the total time-in-grade for the two-grade promotions is not reduced in comparison with the previous time for two consecutive single-grade promotions, the costs of promotion would actually be reduced because of the absence of intervening (single grade) promotions. On the other hand, if the two-grade promotions were given as rapidly as were single-grade promotions previously, the costs of promotion would be increased as much as [redacted] 25X1
according to an earlier estimate submitted to the EAG. We would expect that the new policy would be administered to provide for some compression of the previous time for two single-grade promotions but not enough to add significantly to costs. The cost analysis is attached at Tab A.

4. <u>Recommendations</u>: It is recommended that the A/DDCI:

A. Approve the implementing of a policy of two-grade promotions for individuals occupying professional positions in grades GS-05, 07, and 09 effective 1 October 1977.

B. Implement a transition plan during FY 1978 with these features:

(1) Professional employees of grades GS-06, 08, and 10 who are of grade less than the grade attached to the position should be promoted the first day of the fourth pay period after 1 October 1977 provided:

a. that they meet the qualification standards of the higher grade,

b. that they are recommended by evaluation bodies and approved by Director of Personnel, and

c. that at least three years have lapsed since the previous promotion to an odd grade (GS-05, 07, or 09).

(2) Employees not meeting the three year requirement but otherwise eligible may qualify for immediate promotion if highly ranked (first category) -- otherwise they will be promoted first day of the first pay period after satisfaction of the three year criterion for the transition plan promotions. (Note: the three year criterion is not intended to replace the time-in-grade guidelines of the Career Services; it only pertains to the transitional promotions.)

(3) Professional employees in training or newly hired as GS-06, 08, or 10 should be promoted to the next grade when it is determined by normal guidelines and procedures that they are qualified and eligible for promotion to that grade, and thereafter they qualify for two-grade promotions up to GS-11.

(4) Professional employees occupying positions presently graded GS-06, 08, and 10 and bearing the grade of those positions will be promoted when they qualify and are eligible for higher grade under normal promotion procedures.

C. Instruct the Career Services to seek to reduce the average time-in-grade in FY 1979 for two-grade promotions by 10 percent from the FY 76 combined lapsed time for two single-grade promotions (namely, an Agency average of 51 months for GS-07 to GS-09 and 45 months from GS-09 to GS-11 should be reduced by ten percent, or 5 months in each case). Time-in-grade guidelines should be adjusted by the Career Services, if necessary.

D. Instruct the Comptroller to set aside necessary funding for transitional promotions during FY 78 in the amount of [redacted]

X1

[redacted] 2X1

Atts.

APPROVED : ______________________________ ______________
Acting Deputy Director of Central Intelligence Date

DISAPPROVED: ______________________________ ______________
Acting Deputy Director of Central Intelligence Date

Cost Analysis - Transition For Two-Grade Promotions

1. There are three factors influencing costs. These are (1) the costs of transition (that is, immediate promotion of many of the present professionals who are incumbents of grades 06, 08, and 10), (2) the higher cost of a two-grade promotion as against a single-grade promotion, and (3) the comparative frequency of two-grade promotions. As indicated in an earlier study, if the two-grade promotions occur at the same frequency as the one-grade promotions presently do, there would be a significant increase in costs, as much as [redacted] On the other hand, it may be argued that the frequency of promotions in the grades affected is controlled by headroom in GS-07, 09, and 11 positions (as there are few GS-06, 08, and 10 positions for professionals) and by guidelines that would compress only somewhat times-in-grade for two-grade promotions as compared to two single-grade promotions. The costs can be controlled through the time-in-grade guidance.

2. Assuming that the implementation follows the modified plan recommended, it may be calculated that there would be a first-year transition cost of [redacted] above normal promotion costs in the GS-05-11 range, but that in the second year the costs of promotions would actually decline some [redacted] without compression of time-in-grade because of the lesser frequency of promotions. For convenience, it is assumed that implementation begins in the beginning of the fiscal year, therefore, many of the immediate promotions required under the transition plan are promotions that would have occurred later in the fiscal year anyway. Further it is assumed that as there are only about a dozen professionals in the GS-05-06 grades, the cost analysis can concentrate on GS-07 to GS-11. 25X1

3. A useful starting point for analysis is provided by promotion data for FY 1976 (actually 5 quarters) given in the APP. Adjusted for a 4-quarters basis, the numbers of promotions of professional were: GS-07 to 08, 199; GS-08 to 09, 233; GS-09 to 10, 268, and GS-10 to 11, 305.

4. Based on average time-in-grade of promotees, the values per promotion are: GS-07 to 08, [redacted] 25X1

25X1

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6. In mid 1977, there were professional positions for the intermediate grades in the following numbers: GS-06, 1; GS-08, 83; GS-10, 65.

7. Table 1 summarizes an estimate of the costs of promotions for two years, a transition year and a post-transition year, under the one-grade and two-grade policies. Table 2 summarizes the number of professional employees on duty 31 May 1977 for grades GS-05 through 11.

25X1

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9 September 1977

MEMORANDUM FOR: Mr. John F. Blake
Acting Deputy Director of
Central Intelligence

FROM : [redacted]
Chairman, DCI/MAG

SUBJECT : Comment on Study of Feasibility of Two-Grade Promotion Policy

REFERENCES : A. ADDCI Memo dated 29 August 1977 (ER 77-5598/1)

B. Memo dated 18 August 1977 to ADDCI via Compt fr D/Pers (ER 77-5578)

1. DCI/MAG welcomes the opportunity given us by Mr. Blake in Reference A to comment on Reference B study of the feasibility of a two-grade promotion policy for grades GS-7 through GS-11. We understand this to be an effort to benefit a significant number of employees and welcome the chance to participate.

2. DCI/MAG is in general agreement that the two-grade promotion policy as outlined in Reference B should be adopted. However, we find that three changes should be made to the proposal to assure that its effects would be beneficial.

3. The first change, which we strongly urge, would be to Reference B Section 4C which suggests, ". . .Career Services. . .seek to reduce the average time-in-grade in FY 1979 for two-grade promotions by 10 percent from the FY 1976 combined lapsed time for two single-grade promotions. . ." Our rough analysis (see attachment) shows that a reduction of only 10 percent would cause the average employee to <u>lose</u> pay

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compared to the present one-grade system. The average loss from GS-7 to GS-9 would approximate $1,565 and from GS-9 to GS-11 about $1,970 based on calculations from the October 1976 pay schedule. Our finding seems to check with Reference B, Section 3, sub-para. 3 which states in part, ". . .the costs of promotion would actually be reduced because of the absence of intervening (single grade) promotions." This outcome evidently would be contrary to the intent to benefit employees by making a change. Therefore, DCI/MAG support for this proposal is contingent upon a recommendation that Office of Personnel revise its proposed 10 percent average time-in-grade reduction. We estimate that a figure of 20 percent or more, when carefully computed, would be found more equitable and make the change worth the trouble.

4. DCI/MAG realizes that even if Office of Personnel revises its suggested percentage, it will not assure implementation. Thus, our second recommendation is for guidance to be given to component chiefs who receive ranking panel recommendations to help them assure that the target percentage is reached.

5. Our third recommendation relates to Reference B, Section 3, sub-para. 2, which suggests that transitional promotions for employees in even-numbered grades should not follow sooner than three years after their promotion to the previous odd number grade. We believe this is harsher than existing time-in-grade guidelines and should be changed to 18 months.

6. Concerning Mr. Blake's two questions in Reference A, para. 2, DCI/MAG feels as follows:

a. Some individual inequities may occur during the transition period, but the overall proposal is reasonable, if our third recommendation is adopted.

b. Without more information, we can only guess that para-professionals, technicians, and secretaries may be better off by being excluded. We suspect that some of these employees sometimes gain one-grade promotions where they might not gain two-grade increases.

7. DCI/MAG hopes our views will be helpful, and of course, remains ready for further participation in this matter if needed.

25X1

Attachment

Comparisons of two-grade and one-grade promotions

1. Current DDS&T minimum time-in-grade requirements:

GS-07	9 months
GS-08	9 months
GS-09	12 months
GS-10	12 months

2. At the fastest rate, a DDS&T could move from GS-07 to GS-09 in 18 months, and from GS-09 to GS-11 in 24 months. However, according to OP's study, the Agency average time to go from GS-07 to GS-09 is 51 months, and from GS-09 to GS-11 is 45 months. OP proposes these figures be reduced 10 percent in implementing a two-grade promotion system. In tabular form:

	Fastest	Average	Average less 10%
GS-07 to -09	18 mos.	51 mos.	46 mos.
GS-09 to -11	24 mos.	45 mos.	40 mos.

3. From this table, two facts:

a. Employees moving at the fastest rate would gain no advantage from a two-grade promotion system if its minimum time-in-grade requirements are equivalent to those above.

b. Employees moving at the average rate would gain five months of pay at the GS-09 and GS-11 rates respectively.

4. Now, a look at the pay these two classes (fast and average) might receive under the current one-grade promotion system. We will use a slightly inaccurate assumption that the employee is promoted to GS-08 or to GS-10 in half the average time OP says it now takes to go from GS-07 to -09 or from GS-09 to -11. In tabular form:

	Fastest	Average
GS-07 to -08	9 mos.	25.5 mos.
GS-08 to -09	9 mos.	25.5 mos.
GS-09 to -10	12 mos.	22.5 mos.
GS-10 to -11	12 mos.	22.5 mos.

5. From this table we learn:

a. Employees moving at the fastest rate receive nine months of GS-08 pay on the way from GS-07 to -09, and twelve months of GS-10 pay between GS-09 and -11.

b. Employees moving at the average rate would receive 25.5 months of GS-08 pay on the way from GS-07 to -09, and 22.5 months of GS-10 pay between GS-09 and -11.

6. Finally, we can compare the results of these two tables as follows:

a. GS-07 to -09 two-grade promotion:

1) Fastest gains nothing, but loses nine months of GS-08 pay.
2) Average gains five months of GS-09 pay, but loses 25.5 months of GS-08 pay.

b. GS-09 to -11 two-grade promotion:

1) Fastest gains nothing, but loses twelve months of GS-10 pay.
2) Average gains five months of GS-11 pay, but loses 22.5 months of GS-10 pay.

7. Rough figures, using the October 1976 general pay schedule and referring to Step 1 in all grades, suggest the following net loss to each employee:

GS-07 to -09
Fastest - $ 930
Average - $1,564

GS-09 to -11
Fastest - $1,427
Average - $1,970

(Note: These figures should be recomputed for MAG by a specialist in Payroll.)

8. Thus, going to a two-grade promotion system, while retaining current time-in-grade requirements, would be an economy measure for the Agency, but would not be a benefit for the employees affected. If such a system is adopted for budget reasons, this should be frankly explained to the employees, without raising false hope that they will benefit by it.

9. If it is hoped that such a system would be an advantage to employees, then an average time-in-grade reduction of greater than 10 percent seems required, and should be calculated carefully. Even so, it is unlikely that employees who are moving at the fastest rate could be benefited unless minimum time-in-grade requirements were also reduced.